

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 ARAE-00 SSO-00 NSCE-00 USIE-00 INRE-00
SP-02 AID-05 EB-07 NSC-05 CIEP-01 TRSE-00 SS-15
STR-04 OMB-01 CEA-01 L-03 H-01 PA-01 PRS-01 CIAE-00
COME-00 FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04
SIL-01 AGRE-00 /078 W
-----031901Z 058177 /53

O R 031830Z JAN 77
FM AMEMBASSY GEORGETOWN
TO SECSTATE WASHDC IMMEDIATE 3966
INFO AMEMBASSY BRASILIA
AMEMBASSY BRIDGETOWN
AMEMBASSY CARACAS
AMEMBASSY KINGSTON
AMEMBASSY PARAMARIBO
AMEMBASSY PORT OF SPAIN

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E.O. 11652: N/A
TAGS: ECON, EFIN, GY
SUBJECT: 1977 BUDGET SPEECH HIGHLIGHTS

1. THE FOLLOWING ARE HIGHLIGHTS OF 1977 BUDGET SPEECH
BY FINANCE MINISTER FRANK HOPE ON DECEMBER 30. A
COMPLETE ANALYSIS OF BUDGET WILL BE REPORTED SEPTEL.

2. THE 1977 BUDGET AS PRESENTED BEFORE THE PARLIAMENT
LAST THURSDAY (DEC. 30) BY MINISTER HOPE COMPRISED FOR
THE MOST PART EITHER AN EXPLANATION OF THE 1976
BUDGETARY OVERRUNS OR AN ANALYSIS OF THE CURRENT
ECONOMIC SITUATION VIS-A-VIS THE LDC'S.

3. AS ANTICIPATED, THE 1977 BUDGET WILL BE A DEFICIT
BUDGET WITH TOTAL EXPENDITURES EXPECTED TO REACH
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G\$546 MILLION WITH REVENUES TOTALING SOME G\$473.7 MILLION.
THE ANTICIPATED 1977 DEFICIT OF G\$72.3 MILLION
WILL BE FINANCED THROUGH DOMESTIC AND FOREIGN
BORROWINGS. HOPE INDICATED THAT FOREIGN LOANS
TOTALING G\$26.7 MILLION ARE ANTICIPATED INCLUDING
G\$4.3 MILLION FROM USAID (PRESUMABLY HOPE WAS
REFERRING TO MONEY ALREADY IN PIPELINE). OTHER

AID WAS FROM WORLD BANK, IDA ET AL. GOG IS ALSO PINNING HOPES ON RAISING SOME MONEY FROM OPEC SPECIAL FUND. HOPE STATED THAT WHEN COMPARED TO 1976, ANTICIPATED REDUCTIONS IN 1977 EXPENDITURES WILL BE ACHIEVED THROUGH REDUCTIONS IN PUBLIC DEBT EXPENDITURES, REDUCTIONS IN GOVERNMENT SUBSIDIES, AND MORE EFFICIENT USE OF EXISTING EQUIPMENT AND A CONTRACTION OF PROJECT ACTIVITIES. THE MAJOR CHANGE IN REVENUES OVER 1976 IS THE PROJECTED G\$30 MILLION DEFENCE BOND SALES.

4. COMMENT: MOST SIGNIFICANTLY FOR THE GUYANESE POPULACE 1977 WILL MEAN THEY WILL PAY MORE FOR FLOUR, STOCK FEED, ELECTRICITY AND TRANSPORTATION. SUBSIDIES ON COOKING OIL, SUGAR, RICE, AND MILK WILL BE MAINTAINED. INITIAL REACTION TO THE BUDGET IS MIXED. WHILE DEFICIT IS MAJOR PROBLEM, MOST GUYANESE EXPRESSED RELIEF THAT NOT ALL THE SUBSIDIES WERE REMOVED. OTHERS, PRIMARILY FROM THE EAST INDIAN COMMUNITY, HAVE EXPRESSED DISSATISFACTION. SINCE THE STOCK FEED SUBSIDY WAS HALVED, THE PRICE OF CHICKEN AND EGGS HAS RISEN. ON THE OTHER HAND, THE PRICE OF PORK HAS NOT BEEN AFFECTED AND WITH SALT BEEF ALREADY HARD TO GET AND EXPENSIVE, THE EAST INDIAN COMMUNITY IS BECOMING VOCAL IN THEIR DENUNCIATION OF THESE BUDGET DECISIONS AS RACIALLY MOTIVATED.

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5. A COPY OF THE 1977 BUDGET SPEECH IS BEING AIRPOUCHED SEPARATELY.
MCCOY

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Message Attributes

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Sent Date: 03-Jan-1977 12:00:00 am
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Disposition Approved on Date:
Disposition Case Number: n/a
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